

12 May 2022

Trading update

AJ Lucas Group Limited (“AJL”) notes that some of its mining operations have been suspended since 26 March 2022 following a serious incident at one of its client’s mine sites. The incident did not involve AJL, its employees or its operations. Nevertheless, the incident resulted in the customer temporarily ceasing mining activities while a full investigation with relevant authorities was undertaken.

The temporary shut-down of operations will have a negative impact on AJL’s expected full year result, with the exact quantum dependant of the timing of recommencement of AJL’s operations at that mine. Currently AJL expects its operation at the mine to recommence in a staged manner this month. AJL expects its FY22 EBITDA to be materially comparable to that of FY21.

Prior to the occurrence of this incident, AJL was on track to deliver a higher EBITDA for the FY22 year compared to FY21, driven by strong demand for drilling services as a result of a buoyant metallurgical coal market and new and existing contract renewals.

AJL would also highlight the following updates on operations:

- following two separate and successful tender processes, AJL has been awarded new contracts with its largest two existing customers, following the expiry of existing agreements. These contracts both involve provision of directional and vertical drilling, as well as ancillary services, with one being for a term of 3 years (subject to finalisation of contracts which is expected to be completed prior to the end of June 2022) and the other for a 2 year term.
- AJL has been successful in winning 4 new smaller exploration contracts increasing its working rig count by 5 in this business unit.

Brett Tredinnick, CEO of Lucas said:

“We welcome a continuation of our existing long-term relationships with two of our key customers.

“Our relationship with these customers has spanned over 20 years, where we are an integral part of mining operations and currently expect to provide up to 14 drilling rigs, supported and managed by approximately 150 experienced drilling crew, project management and engineering support staff.



“Over this time we have provided highly technical drilling solutions, and pioneered the large diameter surface to in-seam methane drainage drilling method. The award of these recent contracts serves as further endorsements of our highly technical drilling capability and our industry leading safety record.”

These contracts are subject to customary provisions including termination for customers’ convenience.

This announcement has been approved by the Board of AJ Lucas Group Limited.

ENDS

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